

Mississippi Secretary of State

ADMINISTRATIVE PROCEDURES NOTICE FILING

AGENCY NAME Mississippi State Oil & Gas Board		CONTACT PERSON Howard O. Leach	TELEPHONE NUMBER 1-601-576-4921	
ADDRESS 500 Greymont Avenue - Suite E		CITY Jackson	STATE MS	ZIP 39202
EMAIL hleach@ogb.state.ms.us	SUBMIT DATE 07/07/16	Name or number of rule(s): 26 Mississippi Administrative Code, Pt. II, R. 1.4 ("Application to Drill")		

Short explanation of rule/amendment/repeal and reason(s) for proposing rule/amendment/repeal: Amend existing Statewide Rule 1.4 to delete therefrom in its entirety subpart (b) thereof requiring the payment of annual \$100.00 per well inactive well fees by oil and gas operators

Specific legal authority authorizing the promulgation of rule: Miss. Code Anno. Section 53-1-17(3) (1972)

List all rules repealed, amended, or suspended by the proposed rule: 26 Miss. Administrative Code, Pt. II, R.1.4 ("Application to Drill")

ORAL PROCEEDING:

X An oral proceeding is scheduled for this rule on Date: August 24, 2016 Time: 10:00 o'clock, A. M. Place: Hearing Room, Miss. State Oil & Gas Board, 500 Greymont Avenue, Suite E, Jackson, Mississippi

☐ Presently, an oral proceeding is not scheduled on this rule.

If an oral proceeding is not scheduled, an oral proceeding must be held if a written request for an oral proceeding is submitted by a political subdivision, an agency or ten (10) or more persons. The written request should be submitted to the agency contact person at the above address within twenty (20) days after the filing of this notice of proposed rule adoption and should include the name, address, email address, and telephone number of the person(s) making the request; and, if you are an agent or attorney, the name, address, email address, and telephone number of the party or parties you represent. At any time within the twenty-five (25) day public comment period, written submissions including arguments, data, and views on the proposed rule/amendment/repeal may be submitted to the filing agency.

ECONOMIC IMPACT STATEMENT:

☐ Economic impact statement not required for this rule. ☒ Concise summary of economic impact statement attached.

TEMPORARY RULES	PROPOSED ACTION ON RULES	FINAL ACTION ON RULES
_____ Original filing _____ Renewal of effectiveness To be in effect in _____ days Effective date: _____ Immediately upon filing _____ Other (specify): _____	Action proposed: _____ New rule(s) <u>X</u> _____ Amendment to existing rule(s) _____ Repeal of existing rule(s) _____ Adoption by reference Proposed final effective date: _____ 30 days after filing <u>X</u> _____ Other (specify): Effective 60 days after approval	Date Proposed Rule Filed: _____ Action taken: _____ Adopted with no changes in text _____ Adopted with changes _____ Adopted by reference _____ Withdrawn _____ Repeal adopted as proposed Effective date: _____ 30 days after filing _____ Other (specify): _____

Printed name and Title of person authorized to file rules: Howard O. Leach (Staff Attorney)

Signature of person authorized to file rules: Howard O. Leach

OFFICIAL FILING STAMP	DO NOT WRITE BELOW THIS LINE OFFICIAL FILING STAMP	OFFICIAL FILING STAMP
		
Accepted for filing by	Accepted for filing by <u>AF</u>	Accepted for filing by

22082



DELBERT HOSEMAN
Secretary of State

CONCISE SUMMARY OF ECONOMIC IMPACT STATEMENT

An Economic Impact Statement is required for this proposed rule by Section 25-43-3.105 of the Administrative Procedures Act. This is a Concise Summary of the Economic Impact Statement which must be filed with the Secretary of State's Office.

Secretary of State's Office.

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ADDRESS 500 Greymont Avenue – Suite E	CITY Jackson	STATE MS	ZIP 39202
EMAIL hleach@ogb.state.ms.us	DESCRIPTIVE TITLE OF PROPOSED RULE 26 Mississippi Administrative Code, Pt. II, R. 1.4 (“ Application to Drill ”)		
Specific Legal Authority Authorizing the promulgation of Rule: MCA Sec. 53-1-17(3) (1972)		Reference to Rules repealed, amended or suspended by the Proposed Rule: 26 Miss. Administrative Code, Pt. II, R. 1.4 (“ Application to Drill ”)	

A. Estimated Costs and Benefits

- Briefly summarize the benefits that may result from this regulation and who will benefit: The approval of the proposed amendments to Statewide Rule 1.4 will effectively conform the regulatory regime of the Mississippi State Oil & Gas Board to the funding mechanism adopted for the agency by the Legislature's recent enactment of Senate Bill No. 2362. Specifically, Statewide Rule 1.4(b) currently imposes upon oil and gas operators the duty to pay into this agency's Emergency Plugging Fund an annual \$100.00 per well unplugged well fee. The Emergency Plugging Fund was created by Miss. Code Anno. Section 53-1-77 (1972), to provide to the agency a readily accessible agency-administered fund which could be utilized by the agency for the purpose of expeditiously addressing oilfield emergencies (e. g., well blowouts, oil spills, pollution incidents, etc.) and the plugging of "orphaned" and abandoned wells. The 2016 Regular Session of the Legislature enacted S. B. No. 2362 which has now been signed into law and becomes effective July 1, 2016. Among other things, S. B. No. 2362 transfers all monies in this agency's Emergency Plugging Fund into the State's General Fund where those monies will become a part of the general legislative appropriations process. In addition, any future annual \$100.00 per well unplugged well fees which the Mississippi State Oil & Gas Board might assess and collect will not be allowed to be retained by the agency but will pass automatically into the State's General Fund. As a consequence, those fees will no longer be available for use by agency for the purposes for which the fees were intended, namely, to address oilfield emergencies and to plug "orphaned" wells. Accordingly, there is no longer any legitimate agency purpose to be served by the further assessment and collection of these fees.
- Briefly describe the need for the proposed rule: The Legislature, through the enactment of S. B. No. 2362, indicates its intention that the Mississippi State Oil and Gas Board is to now be funded through the general legislative appropriations process and not through industry-generated special funds. The enactment of the proposed amendments and revisions to Statewide Rule 1.4(b) makes the rule compatible with this new funding mechanism.

3. Briefly describe the effect the proposed action will have on the public health, safety, and welfare: It is assumed that the effect of the proposed action on the public health, safety and welfare will be negligible. This assumes, of course, that the Legislature annually appropriates and allocates to the agency funds sufficient to address issues such as oilfield emergencies (blowouts, spills, etc.) and the plugging of "orphaned" wells.
4. Estimated Cost of implementing proposed action:
- a. To the agency
☐ Nothing ☒ Minimal ☐ Moderate ☐ Substantial ☐ Excessive
- b. To other state or local government entities
☐ Nothing ☒ Minimal ☐ Moderate ☐ Substantial ☐ Excessive
5. Estimated Cost and/or economic benefit to all persons directly affected by the proposed rule:
- c. Cost:
☒ Nothing ☐ Minimal ☐ Moderate ☐ Substantial ☐ Excessive
- d. Economic Benefit:
☒ Nothing ☐ Minimal ☐ Moderate ☐ Substantial ☐ Excessive
6. Estimated impact on small businesses:
- ☐ Nothing ☒ Minimal ☐ Moderate ☐ Substantial ☐ Excessive
- a. Estimate of the number of small businesses subject to the proposed regulation:
All Mississippi oil and gas operators will be effected inasmuch as they will no longer be required to pay into the Mississippi State Oil & Gas Board's Emergency Plugging Fund the annual \$100.00 per well unplugged well fees currently required by Statewide Rule 4(b).
- b. Projected costs for small businesses to comply: Absolutely no costs.
- c. Statement of probable effect on impacted small businesses: None.
7. The cost of adopting the rule compared to not adopting the rule or significantly amending the existing rule (check option):
☒ substantially less than ☐ moderately less than ☐ minimally less than
☐ the same as ☐ minimally more than ☐ moderately more than
☐ substantially more than ☐ excessively more than
8. The benefit of adopting the rule compared to not adopting the rule or significantly amending the existing rule (check option):
☐ substantially less than ☐ moderately less than ☒ minimally less than
☐ the same as ☐ minimally more than ☐ moderately more than
☐ substantially more than ☐ excessively more than

B. Reasonable Alternative Methods

1. Other than adopting this rule, are there less costly or less intrusive methods for achieving the purpose of the proposed rule?
☐ yes ☒ no
2. If yes, please briefly describe available, reasonable alternative(s) and the reasons for rejecting those alternatives in favor of the proposed rule. (Please see §25-43-4.104 for factors you must consider.)
Not applicable

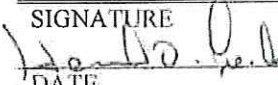
C. Data and Methodology

1. Please briefly describe the data and methodology you used in making the estimates required by this form. The agency took into account and considered S. B. No. 2362 which, effective July 1, 2016, ends the agency's Emergency Plugging Fund and transfers all future annual \$100.00 per well unplugged well fees to the State's General Fund
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D. Public Notice

1. Where, when, and how may someone present their views on the proposed rule and request an oral proceeding on the proposed rule if one is not already scheduled? The MSO&GB will conduct a public hearing in these rule-making proceedings commencing at 10:00 o'clock, A. M. on August 24, 2016, in the Hearing Room of the MSO&GB located at 500 Greymont Avenue, Suite E, Jackson, Mississippi. In addition, written comments and/or formal docket contests may be filed with the agency up until 5:00 o'clock, P. M. on Tuesday, July 12, 2016.

SIGNATURE

 (Howard O. Leach)

TITLE

Staff Attorney (MSO&GB)

DATE

July 7, 2016

PROPOSED EFFECTIVE DATE OF RULE

60 days following approval
